

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In re) EB Docket No. 01-39

FAMILY BROADCASTING, INC.)

Order to Show Cause Why the Licenses for)
Stations WSTX(AM) and WSTX-FM,)
Christiansted, U.S. Virgin Islands,)
Should Not Be Revoked)

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OCT 11 2002

Federal Communications Commission
Office of Secretary

To: Chief Administrative Law Judge
Richard L. Sippel

ENFORCEMENT BUREAU'S
REPLY TO OPPOSITION TO MOTION TO ENLARGE THE ISSUES

1. The Enforcement Bureau ("Bureau"), pursuant to sections 1.229 and 1.294(c) of the Commission's rules, replies to the opposition filed by Family Broadcasting, Inc. ("Family") on June 4, 2002. Pursuant to *Order*, FCC 02M-94, released October 4, 2002, the Bureau has until October 11, 2002, to file and serve its reply.

2. In its motion to enlarge, the Bureau requested that this proceeding be enlarged to include the following:

To determine the current ownership of Family Broadcasting, Inc.; and

To determine, based on the evidence adduced, whether Family Broadcasting, Inc.'s most recent ownership report and amendments to applications for transfer of control certifications regarding its current and proposed ownership misrepresent facts and/or lack candor.

In support its motion, the Bureau submitted, *inter alia*, an application, ownership reports and deposition testimony. On their face, the documents revealed a conflict between representations made to the Commission in 1995 and those made in 2001 and 2002 regarding the identity and ownership interests of individuals who own Family's stock. Specifically, the documents showed

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that in 1995, Family had issued 100 shares of stock, 60 shares of which were owned by Mr. Gerard Luz James, 25 by his wife, Asta, and the remaining 15 by their daughter, Barbara James-Petersen, one of the proposed transferees. The 2001 ownership report, however, showed that 2771 shares had been issued and that the only persons holding attributable interests in Family were Mr. Luz James and his wife. Finally, in 2002, Family reported that it could not identify any of the individuals who owned the seven percent of its stock reported as not owned by Mr. Luz James and his wife. Nonetheless, Family assured that none of those persons held an attributable interest in the company and that none were officers or directors. Considering that Family had continued to prove unwilling or unable to produce documents verifying its ownership, the Bureau argued that the Commission had no basis for believing that Family's reported ownership information was reliable or that Family's related certifications were accurate.

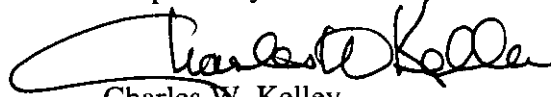
3. In opposing the Bureau's motion to enlarge, Family focuses solely on the second requested issue. Family asserts that the motion as to that issue is completely unsupported by documentation, maintaining that the more recent application and ownership report were prepared by Ms. James-Petersen on the basis of information she believed to be accurate. Family then declares that a set of ownership records has finally been found, which support the reports certified by Ms. James-Petersen.

4. Ms. James-Petersen's accompanying declaration to Family's opposition includes a list of 41 individuals, who, with one exception, collectively own less than 200 shares of Family stock. The exception is her brother, Mr. Gerard Luz James, II, with 1,000 shares. Additional documents show that five others with the last name of Hope apparently own 200 shares of Family

stock. Contrary to Family's conclusions, however, the documents it has recently supplied do not support the earlier certifications it made with respect to its ownership. If anything, the documents raise further questions about the validity of those certifications. In this regard, there is a significant discrepancy between the capitalization reported in Family's 2001 ownership report (2771 shares, with 93 percent owned by Mr. Luz James and his wife) and that reflected on the records now made available (1,000 shares owned by Mr. Luz James, II, and some 400 shares owned by as many as 45 other persons). It is time for Family to submit a coherent and logical explanation as to who owns its stock and explain why its earlier certifications regarding stock ownership were apparently so inaccurate.

5. Accordingly, the Bureau requests that the hearing be enlarged to include the issues specified above and that the burdens of proceeding and proof be placed on Family.

Respectfully submitted,



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October 11, 2002

CERTIFICATE OF SERVICE

Karen Richardson, secretary of the Enforcement Bureau's Investigations and Hearings Division, certifies that she has on this 11th day of October, 2002, sent by first class United States mail, facsimile or by hand copies of the foregoing "Enforcement Bureau's Motion to Enlarge the Issues" to:

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